

Home Inspection Company

Home Inspectors Are We

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In today's real estate world there are a number of opportunities to start a business, but the area with the most profit potential is the area of home inspection.

EXECUTIVE SUMMARY

Growth Strategy

Our number one goal is to begin building long-term relationships with real estate agents in the region. The key to this strategy is to build trust as well as professionalism with our long-term goal of getting referrals from them. Referrals will be the key to our success in business. Following is our breakdown of the different types of referrals we will build.

1. Real estate agents
2. Home owners
3. Lawyers involved in real estate deals
4. Carpet cleaners
5. Home cleaners
6. Security companies
7. Moving and storage companies
8. Plumbing and electrical firms
9. Banks and mortgage brokers
10. Home renovation firms
11. Landscapers
12. Advertising mediums which sell or offer home improvements

For every referral we get, we are saving the cost of advertising to that client.

Yellow page advertising as well as real estate magazines will also be required to get a foothold into the market. We believe it is better to have an advertising plan that includes a smaller ad that runs on a more frequent basis than a larger ad that runs less frequently, so we will look for advertising opportunities accordingly.

FINANCIAL ANALYSIS

The start up costs to open a home inspection business

Home office	Free
Computer	\$1,200
Software	\$1,000
Office supplies	\$ 300
Postal	\$ 400
Legal	\$ 450
Accounting	\$ 50
Advertising	\$ 500
Printed materials	\$1,500
Desk	\$ 200
Chair	\$ 150
Fax	\$ 125
Scanner	\$ 100
Filing cabinet	\$ 200
Shelves	\$ 100
Cell phone	\$ 150
City license fee	\$ 100
Professional association fee	\$ 150
Training in home inspection	\$250–\$1,000 (books, study course)
Liability insurance	\$ 400
Auto lease	\$ 400 month
Auto expenses	\$ 500 month

BUSINESS STRATEGY

A home inspection is a thorough examination of the exterior and the interior of the house to determine the structural defects, broken or obsolete components, and damage due to water, wear and tear, and other conditions. As home inspectors, we are not responsible to fix or repair any of the property we are inspecting. We are only there to give our unbiased view for both the buyer and the seller of the unit.

Every time a house is bought or sold, a home inspection should be done. The most frequent buyer of the home inspection service is the home buyer, so this is the area to which we want to target our marketing dollars.

As a home inspector, it is not required to be an engineer. However, in order to be successful, training should be gained either via working in the industry or with a training course. It will add a great deal of credibility and real estate agents will be more likely refer clients to you. This being so, we plan to seek both practical and educational training.

There are several forms with which we must be familiar. The home inspector report is an itemization and summation of findings of the home with regard to the specific property. In addition, property condition forms are generally furnished to the seller by the real estate agent and ask the seller to fully disclose the all the defects about the home in writing. The home inspector compares this form with his report and provides the buyer a more accurate picture of the condition of the house.

Many states are currently formulating regulations to license and certify home inspectors. We will check with our state to determine the status of this requirement.

Gaining Experience

Before we open up shop, we will do the following to gain experience and build our skills.

We will ask ten to fifteen friends and relatives if we can give them a free home inspection. In doing so, we can hone our skills in the inspection business. We want to try to inspect the following types of homes, based on the year the home was built:

1940–1950	Inspect 10 homes
1950–1960	Inspect 7 homes
1960–1970	Inspect 10 homes
1970–1980	Inspect 5 homes
1980–1990	Inspect 10 homes
1990–2000+	Inspect 5 homes

We will also try to go to different new home building locations and watch how the homes are built; this will give us great insight to the new ways of building and the weakness of the old ways of building. Furthermore, new homebuilders can also give us a great deal of information on what to look for in a house, including the most common areas where houses are affected by poor workmanship.

FINANCIAL ANALYSIS

Fees

The average home inspector charges a fee of \$190 to \$500 for a typical inspection. The average time it takes to do an inspection varies; it can take from one hour to two and a half hours. Each job is quoted based on a estimated time it will take. We use \$190 per hour as our minimum charge.

Basic home inspection fee	\$ 190
With swimming pool	add \$ 200
Environmental concerns	add \$ 150
Multiple units	add \$ 150 per unit
Farm or outside city limits	add \$3.50 per mile
Insurance appraisal inspection certificate	add \$ 100

Our market is quite large. Whenever a home is bought or sold, there should be a home inspection done; this means quite a lot of potential clients. Here is a formula to determine the market potential.

500 homes sold in a month, less 20 percent, divided by the number of home inspectors in the market.

If there were 4 the formula would look like this:

500 homes sold, less 20% = 400 homes. Divide 400 homes by 4 (the number of local inspectors), and each inspector could expect to service 100 homes per month. At an average cost of \$200 per home, each inspector could expect to make \$20,000 per month.

OPERATIONS

Equipment

As in many professions, there are tools and equipment of the trade. At the beginning we will not buy all tools required because some of them only need to be used on a rare occasion.

- Measuring tape. One 50 foot tape and one 100 foot tape.
- Binoculars. These are good for roof inspection if you cannot walk on the roof.
- Digital camera and photo equipment. Photos can be used for inspection report and records in case of liability issues. Digital images can be stored on a CD or our computer hard drive for future reference.
- Protective clothing. This is very important, not only to our health and our clothing, but also for our image. We plan to arrive in a suit, but will put on a white one piece protective jump suit with our logo before we begin the inspection work.
- Safety gear, including dust mask, goggles, helmet, gloves, and steel-toed boots.

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- Electrical circuit tester.
- Voltage meter.
- Stud finder.
- High-powered flashlights. We will need a few different types including a small pocket or pen size, a medium size and a large size.
- Ladders. We will need a couple different types of ladders, including a step stool-type ladder, an 8 foot ladder, and a 20 to 30 foot expandable ladder. All of these will be attached to our van at all times.
- Gas leak detector. Some of the leaks that occur in a house are carbon monoxide and benign methane gas.
- Level.
- Market area maps. These will show land structure, grading and landscaping methods, etc.
- Moisture meter.
- Screwdrivers and other hand tools to be kept in a tool belt.
- Mirrors. A small mirror and a large mirror, both with telescope capacity and a light, will help look in small or hard-to-reach areas.
- Thermometer. This can be used to measure the recovery rate of the hot water heater.
- Toolbox or carrying case. This will be used for larger tools that will not fit in our tool belt.
- Business cards. We will have two types of business cards, both the standard card and a magnetic card with helpful info on it that the home owner can keep on their refrigerator for a long time.